Tools of Government for Russian Development: the Case of Housing

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***Abstract**:*

The article analyses the use of policy tools in the Russian housing sector, associated with the government's objective of development, and examines the pattern of complementarity that exists between the policy tools. Building on the insights of historical institutionalist and public policy literatures, it argues that the choices of policy tools are determined by institutional and policy sector specific structural factors and temporal calculations by the policy makers leading them to adopt specific 'bundles' of policy instruments as well as doubling policy arrangements.

Key words: Russian politics, public policy, tools of government, development, consultative authoritarianism

Introduction

Development has been a stated goal of policy in many policy areas in Russia. In his recent presidential addresses Vladimir Putin emphasised that the country's development in terms of economic growth, technological modernisation, innovation, and international competitiveness represented Russia's top priority.[1] 'Development' has been argued to represent the essence of Russia's narrow technical economic modernisation which is preferred by the country's elites over a more comprehensive process involving social and political spheres.[2] To promote this narrow developmental agenda multiple state corporations, funds, agencies, special territorial zones, banks and consultations with business leaders have been utilised by the Russian state in various sectors of economy. Much of the research into such 'institutions of development' has examined the extent to which they in fact promote economic growth in specific areas[3] pointing to occasional successes[4] but more often to failures and limitations. The latter have been argued to relate to the political factors, including systemic rent seeking and corruption by elite actors and bureaucratic officials[5] and the subversive behaviour of regional administrations.[6] Another strand of analysis has focussed on the protracted and contested decision-making process involved in setting up development-oriented policies and structures in different spheres and regions.[7] Yet another, related, direction of research[8] has also engaged with the regional dimension of development policies. It put forward a set of structural, ideational (associated with ideas and aspirations of individual influential actors such as regional leaders and influential experts) and interest-based explanations to account for the variation in pro-growth policies and institutions established in Russian regions and broad geographical areas.

The present study speaks to the latter line of analysis. I adopt the framework of 'tools of government'[9] – which distinguishes between information-, authority-, finance- and organisation-based tools – originating in the public policy literature within political science, to

[1] Vladimir Putin, "Poslanie Presidenta Federal'nomy Sobraniyu", 4 December 2014, http://www.kremlin.ru/transcripts/47173/work (accessed 6 January 2015); Vladimir Putin, "Poslanie Presidenta Federal'nomy Sobraniyu", 3 December 2015, http://kremlin.ru/events/president/news/50864 (accessed 4 December 2015).

[2] Vladimir Gel'man, "Why not authoritarian modernisation in Russia?", in Vladimir Gel'man ed., *Authoritarian Modernisation in Russia: Ideas, Institutions and Policies* (London: Routledge): 1-21.

[3] Richard Connolly, "State Industrial Policy in Russia: the Nanotechnology Industry", *Post-Soviet Affairs* 29, no. 1 (2013): 1-30; Pekka Sutela, *The Political Economy of Putin's Russia* (London: Routledge, 2012).

[4] Lev Freinkman and Alexander Yakovlev, "Institutional Frameworks to Support Regulatory Reform in Middle-income Economies: Lessons from Russia's Recent Experience", *Post-Communist Economies* 27, no. 3 (2015): 354-369.

[5] Vladimir Gel'man, "The Vicious Circle of Post-Soviet Neopatrimonialism in Russia", *Post-Soviet Affairs* 32, no. 5 (2016): 455-473; Robert W. Orttung and Sufian Zhemukhov, "The 2014 Sochi Olympic Mega-project and Russia's Political Economy", *East European Politics* 30, no. 2, (2014): 175-191.

[6] Andrey Starodubtsev, "Bureaucratic Strength and Presidential Inattention: Disempowering Territorial Development Instruments in Russia", *Russian Analytical Digest*, no. 201 (2017): 10-13.

[7] Stephen Fortescue, "Russia's "Turn to the East": a Study in Policy Making", *Post-Soviet Affairs* 32, no.5 (2016): 423–454.

[8] T. F. Remington, I. Sobolieva, A. Sobolev, and M. Urnov, "Economic and Social Policy Trade-offs in the Russian Regions: Evidence from Four Case Studies", *Europe-Asia Studies* 65, no. 10, (2013): 1855-1876; Susanne A. Wengle, *Post-Soviet Power* (New York: Cambridge University Press 2015).

[9] Christopher Hood and Helen Margetts, *The Tools of Government* (Basingstoke: Palgrave Macmillan, 2015).

examine the multitude of policy instruments applied by the Russian government in one area of policy, namely housing, and to consider the rationale for their use. In doing so, the article proposes a way to understand the complementarity of policy arrangements used by the Russian government in different policy sectors.

'Tools of government' literature views policies applied by the state to implement its policy goals as a set of constituent elements, termed tools or instruments. The study of the tools of government has been one of the most important advances in the field of public policy over last four decades.[10] This literature argues that tools do not appear by themselves but as a part of a mix, which features certain combinations or 'bundles' of instruments. The choice of policy tools and their combinations is as political as the choice of policy goals and is highly context dependent.[11] This choice reflects country- and policy sector-specific institutional arrangements and structural characteristics.[12]

Institutional features of the Russian political environment include the authoritarian nature of the political regime, with weak formal institutions and strong informal interpersonal ties, an over-powered but divided executive, systemic corruption and non-compliance of medium- and lower levels of state authority, and generally low levels of civil society activity.[13] These institutional features are reflected in the mix of developmental policy tools, structuring the choice of instruments by policy officials and, as I will show, placing serious limits on Russian developmental policies. However, it is also important to highlight the diverse motivations of the federal government officials who are responsible for the policy design at the federal level. Some of these actors are driven by the rent-seeking motives, yet other officials at the ministries and experts at adjacent non-governmental policy think-tanks are driven by policy ideas and demonstrate commitment to polity improvement.[14] Many of such actors also participate in international policy communities which facilitate the diffusion of policy-relevant new knowledge and public administration techniques.[15] In addition, for policy, just as for politics, time is an important factor. Policy-making is not an instantaneous exercise. It is often a

[10] Peter John, "All Tools are Informational Now: How Information and Persuasion Define the Tools of Government", *Policy and Politics*, 41, no. 4 (2013): 605-620, at 605.
[11] B. Guy Peters, "Is governance for everybody?", *Policy and Society* 33 (2014): 301-306.
[12] Michael Howlett, "Managing the 'Hollow State': Procedural Policy Instruments and Modern Governance", *Canadian Public Administration* 43, no. 4 (2000): 412-431.
[13] Karen Dawisha, *Putin's Kleptocracy: Who Owns Russia?* (New York: Simon & Schuster, 2015); Alfred B. Evans, "Protests and Civil Society in Russia: the Struggle for the Khimki Forest", *Communist and Post-Communist Studies* 45, no. 3-4 (2012): 233-242; Gel'man, The Vicious Circle; Vadim Kononenko and Arkady Moshes eds., *Russia As A Network State: What Works In Russia When State Institutions Do Not?* (Basingstoke & New York: Palgrave Macmillan, 2015); Alyona Ledeneva, *Can Russia Modernise?: Sistema, Power Networks and Informal Governance* (Cambridge: Cambridge University Press, 2013).
[14] Anna A. Dekalchuk, "Choosing Between Bureaucracy and the Reformers: The Russian Pension Reform of 2001 as a Compromise Squared", in Gel'man ed., *Authoritarian Modernization in Russia*: 166-182; Freinkman and Yakovlev, "Institutional Frameworks"; Marina Khmelnitskaya, *The Policy-Making Process and Social Learning in Russia: the Case of Housing Policy* (Basingstoke: Palgrave Macmillan, 2015).
[15] Khmelnitskaya, *The Policy-Making Process*; Meri Kulmala, Michael Rasell and Zhanna Chernova, "Overhauling Russia's Child Welfare System: Institutional and Ideational Factors Behind the Paradigm Shift", *The Journal of Social Policy Studies* 15, no. 3 (2017, in print).

piecemeal process involving many successive rounds of policy change, which take place against the background of economic, political and social transformations. Literature on tools of government, following insights of the historical institutionalist scholarship[16] argues that policy-makers can in fact purposefully use those temporal processes to promote implementation of their desired goals over time.[17]

The paper develops the following arguments. It argues that we can think of the 'institutions of development' in Russia as a part of a broader mix of policy tools present in a given area of policy. This tool mix reflects institutional features of the political system, particularly as will be demonstrated in the paper the non-compliance of the regional and local government officials, and the structure of the relevant policy community. I argue, first, that these characteristics necessitate a specific complementary arrangements of policy tools within the policy mix. I show that within the mix we can identify specific 'bundles' of tools, in which state organisational- and authority-based tools reinforce the use of softer types of financial and informational instruments. [Three types of bundles are identified: treasure-organisation bundle, treasure-authority bundle and nodality-authority bundle. Examples of the former type in the housing sphere are the state agency and state funds; of the second – state-controlled banks; of the third - business associations and different forms of consultations between the state and professional community, including representatives of the business and housing experts, promoted by the state.]CAN BE DELETED IF TOO LONG Such combinations help to counter the disincentives to the middle and lower levels of state bureaucracy to participation in the state agenda of development. Second, keeping in mind the noted above temporal dimension of policy-making, I demonstrate that the non-compliance of regional and local officials paired with weak development of the civil society institutions lead policy makers to create 'doubling' policy arrangements. That is, providing two alternative instruments to achieve similar outcomes: one involving a high degree of administrative intervention – and allowing ample rent-seeking opportunities – while another alternative arrangement relies on active participation of non-governmental societal actors in policy implementation, and can be seen as an alternative set of instruments for more democratic times.

This paper places its analysis within the housing sphere, a socially significant and multifaceted sector of the Russian economy and social policy. The development agenda in housing, according to the official documents, goes beyond building sufficient amount of 'square meters' per every Russian citizen but lies in the aspirational objective of 'providing [them with] the high quality of life broadly defined'.[18] My concern in this study, however, is with the choice of the policy instruments through which policy goals are implemented, rather than with the setting of

[16] James Mahoney and Kathleen Thelen, "A Theory of Gradual Institutional Change", in James Mahoney and Kathleen Thelen eds., *Explaining Institutional Change* (Cambridge: Cambridge University Press, 2010): 1-37.

[17] Michael Howlett and Jeremy Rayner, "Patching vs Packaging in Policy Formulation: Assessing Policy Portfolio Design", *Politics and Governance* 1, no. 2 (2013): 170-182.

[18] Pravitel'strvo Rossii, "*Gosudarstvennaya Programma Rossiyskoy Federatsii 'Obespechenie Dostupnym i Komfortnym Zhil'yem i Kommunal'nymi Uslugami Grazhdan Rossiyskoy Federatsii'"*, 15 April 2014, http://www.minstroyrf.ru/trades/realizaciya-gosudarstvennyh-programm/29/ (accessed March 2015).

strategic priorities for development[19] in this area. Yet, I do not trace the bureaucratic tag-of-war (as done by Fortescue and Remington for example)[20] related to the adoption of specific instruments in concrete situations. Instead, I survey the patterns of policy instruments found in the housing sphere and explain the logic of their use with the reference to Russian institutional environment and the specific features of the housing policy setting and community. Also, the focus is on the official structures and their combinations, rather than unofficial processes such as inter-personal networks and corruption. This is a conscious decision, made in order to illuminate the effects of the institutional context over policy choices. Nonetheless, the influence of these informal processes on the official structures is highlighted throughout the study. Time-wise, the focus is on the period between 2005 and the start of 2015, yet some important policy instruments introduced earlier are addressed as well. The paper uses diverse documentary sources for its analysis: Russian legislation, reports of relevant state agencies, as well as publications and reports of NGOs and think tanks working in the housing sphere, thorough reading of Russian general press and specialised housing publications.

After this introduction, the article turns to the Russian studies literature on the 'institutions of development' and on policy-making, proposing to consider ideational and temporal dimensions of the policy-makers' strategies involved in policy design. After that I introduce the 'tools of government' concept. Following on from this the case of housing is explored by, first, surveying policy instruments used in this sphere and then explaining their choices. The conclusion summarizes the argument and comments on the complementarity effects associated with the mix of policy tools in the Russian context.

'Institutions of Development' and policy-making in Russia

How does the Russian government go about implementing its strategy of development? The answer can be found in an intriguing mix of purpose built state structures, a certain degree of government business cooperation and the tactical use of state finance.

Connolly's study of Russian industrial policy in the sphere of nano-technology[21] demonstrates how the government approach has relied on a combination of the state corporation *Rosnano* and ample budget funding. He also points to the limitations of the Russian approach to development in this area associated with the lack of wider societal involvement, including industry and civil society. A similar combination of plentiful finance provided by the budget and state banks

[19] On strategic planning see Andrew Monaghan, "Putin's Russia: Shaping a 'Grand Strategy'?", *International Affairs* 89, no. 5 (2013): 1221–1236.
[20] Fortescue, "Russia's 'Turn to the East'"; Thomas Remington, "Pension Reform in Authoritarian Regimes: Russia and China Compared" (2015), https://www.semanticscholar.org/paper/Pension-Reform-in-Authoritarian-Regimes-Russia-and-Remington/af163f68c90759c32c9942e843bc8eb865e7cfc5 , (accessed September 2016).
[21] Connolly, "State Industrial Policy in Russia".

(Gazprom and VEB), and a state corporation, *Olympstroy*, were used for the preparation of the Sochi region for the 2014 winter Olympics.[22] A greater variety of policy elements is referred to in the study of the Russian Far East development.[23] Among the measures mentioned are direct budget funding, dedicated developmental funds, the state development bank VEB, private investments leveraged by the state, special economic zones, the involvement of specialised organisational structures such as the Agency for Strategic Initiatives (ASI) and certain business associations in addition to a task-formed government ministry. Many of these structures, state corporations and state funds specifically, have attracted much criticism for corruption, made possible by their special legal status and resultant opaque structure that precludes public accountability.[24] With regard to financing development, Vernikov[25] and Aslund[26] argue that Russian state-owned banks dominate the country's financial system[27] and are employed by the state to implement strategically important projects. With regard to the public-private cooperation, the nature of state-business relations in Russia has attracted divergent interpretations. Hanson and Teague[28] argue that the Russian state exercises greater pressure on big business compared to historical cases of other middle-income emerging economies. In a later contribution, Hanson[29] argues that connections between officials and businessmen predominantly serve the purposes of personal enrichment and continuation in office rather than form a coherent policy of industrial development.

Yet, other research underlines the importance of compromises and exchanges between the Russian state and large business entities in reaching institutional arrangements conducive to development in specific areas of policy, such as electricity generation,[30] social[31] and fiscal.[32] In fact, it has been argued that the choice and specific configuration of policies is determined in the process of bureaucratic competition among the alliances of different parts of Russia's executive, regional leaders and their non-state partners from business, think-tanks and social NGOs.

[22] Orttung and Zhemukhov, "The 2014 Sochi Olympic Mega-project".
[23] Fortescue, "Russia's 'Turn to the East'".
[24] Dawisha, Putin's Kleptocracy; Gel'man, "The Vicious Circle of Post-Soviet Neopatrimonialism"; Orttung and Zhemukhov, "The 2014 Sochi Olympic Mega-project".
[25] Andrey Vernikov, "The Impact of State-controlled Banks on the Russian Banking Sector", *Eurasian Geography and Economics* 53, no. 2 (2012): 250-266.
[26] Andres Aslund, "The Enigmatic Russian Banking System: an Introduction", *Eurasian Geography and Economics* 53, No. 2 (2012): 244-249.
[27] Marina Khmelnitskaya, "Russian Housing Finance Policy: State-led Institutional Evolution", *Post-Communist Economies* 26, no. 2 (2014): 149-175.
[28] Philip Hanson and Elisabeth Teague, "Big Business and the State in Russia', *Europe-Asia Studies* 57, no. 5, (2005): 657-680.
[29] Philip Hanson, "Networks, Cronies and Business Plans: Business-State Relations in Russia", in Kononenko and Moshes eds., *Russia As a Network State*: 113-138.
[30] Wengle, *Post-Soviet Power.*
[31] Linda J. Cook, *Postcommunist Welfare States: Reform Politics in Russia and Eastern Europe* (Ithaca: Cornell University Press, 2007); Meri Kulmala, Markus Kainu, Jouko Nikula and Markku Kivinen, "Paradoxes of Agency: Democracy and Welfare in Russia", *Demokratizatsiya* 22, no. 4 (2014): 523-552; Thomas Remington, *The Politics of Inequality in Russia,* (New York: Cambridge University Press, 2011); Remington et al., "Economic and Social Policy Trade-offs".
[32] Pauline Jones Luong and Erika Weinthal, "Contra Coercion: Russian Tax Reform, Exogenous Shocks, and Negotiated Institutional Change', *American Political Science Review* 98, no. 1 (2004): 139–152.

President Putin often credited with having a key role in policy-making[33] setting the general policy direction and often refraining to spend his political capital on getting too involved, but then eventually having to come down on the side of one of the factions in the policy battle. The analysis in the present paper about the choice of developmental tools in the housing sector follows this broad tradition but invites to problematize the temporal dimension of policy-making and consider strategies of federal policy-makers who are working within the constraints of the institutional and policy-specific environment.

As the top country's leadership, policy-makers involved in policy design at the level of individual ministries and presidential administration are driven by their policy ideas, as well as the need to remain in office. Freinkman and Yakovlev[34] for instance describe a coalition of officials and representatives of business medium-sized businesses, which included an influential presidential advisor Andrey Belousov, the Association *Delovaya Rossia* and ASI Agency, and many other business and expert organizations, all driven by ideas of regulatory reforms and the improvement of Russia's business climate. Much has also been written about the influence of the 'Gref team' on the reforms during Vladimir Putin's first presidential terms.[35]

An important concern for like-minded policy makers is that they need to design policy tools capable of delivering their policies at the level of Russian regions and municipalities. Regional and local leaders at the same time show a varied attitude to the objectives of economic and social development.[36] In the housing sphere, specifically, regional and particularly local authorities play the key role.[37] Moreover, the lion share of budget spending on housing is concentrated at the regional and local levels, 49 and 43 percent respectively.[38] Yet, it is the federal policy makers who elaborate the basic directions for policy and policy programmes, dedicated funding for which is leveraged from regional and local budgets.[39] Their policy instruments, therefore, have to reach the local level over the heads of the regional and local administrations, while also providing them with an incentive to participate in the developmental agenda defined by the federal government. To this may be added Russia's shifting attitudinal and general political context. Russia has had a pendulum-like pattern of political development whereby a democratic opening was followed by an authoritarian backsliding. At the same time, the civil society – generally regarded as underdeveloped – has recently shown tendencies towards maturing.[40] Against this background, much of the policy ideas held by the policy makers have derived from the international policy practice and rely on

[33] For discussion, see: Fortescue, "Russia's "Turn to the East'".
[34] Freinkman and Yakovlev, "Institutional Frameworks".
[35] Cook, *Postcommunist Welfare States;* Starodubtsev, "Bureaucratic Strength"; Sutela, *The Political Economy of Putin's Russia*.
[36] Remington et al., "Economic and Social Policy Trade-offs".
[37] Elena Shomina and Frances Heywood, "Transformation in Russian Housing: the New Key Roles of Local Authorities", *International Journal of Housing Policy* 13, no. 3 (2013): 312-324.
[38] Sutela, *The Political Economy of Putin's Russia*: 200; also see: Marina Khmelnitskaya, "The Social Budget Policy Process in Russia at a Time of Crisis", *Post-Communist Economies* 29, no. 4 (2017 forthcoming).
[39] For instance: Pravitel'strvo Rossii, "*Gosudarstvennaya Programma".*
[40] Elena Chebankova, *Civil Society in Putin's Russia* (Abingdon: Routledge, 2013); Evans, "Protests and Civil Society in Russia"; Kulmala et al., "Paradoxes of Agency": 535-536.

modern pattern of civic activism and supervision over service provision as well as well-functioning system of state administration. The use of doubling policy arrangements, to which the analysis in the next sections points, demonstrates that Russian policy makers aim to purposefully use the temporal mechanism of policy evolution to achieve desired policy outcomes over time.

In this paper, I propose to view the pattern of compatibility of policy instruments adopted by Russian policy makers, to fit the institutional and sector-specific context, taking such temporal and ideational dimension of instrument choices into account.

What are policy tools?

Policy instruments can be thought of as the 'myriad techniques at the disposal of governments to implement their policy objectives'.[41] Scholars have worked on arranging this multitude of tools into a more manageable analytical set.[42] A simple four-type categorisation was proposed by Christopher Hood[43] that divided all government instruments for steering policy into four distinct categories - nodality, authority, treasure and organisation.[44] 'In simple terms it could be said that nodality works on your knowledge and attitudes, authority on your rights, status and duties, treasure on your bank balance, and organisation on your physical environment or even on your person'.[45]

More recent research has termed the tools covered in Hood's framework as 'substantive'. These are instruments that 'directly affect the production and delivery of goods and services in society'.[46] Yet, by focussing solely on the substantive tools, we may overlook a whole different category of government tools, namely 'procedural' instruments. The latter include, for instance, public reviews, commissions and committees, conferences, research funding, and focus groups. Procedural tools are applied by the states in order to steer the policy process itself. Similar to substantive tools, they can also be classified according to Hood's four basic government resources. The use of a generic classification of tools is attractive because it allows comparison of governmental activity across countries, over time and within governments.[47] In addition, the institutional and technological neutrality of this approach is particularly relevant in the context

[41] Michael Howlett (1991): 2, Cited in John, "All Tools are Informational Now" : 605.
[42] Ibid.
[43] Hood and Margetts, *The Tools of Government.*
[44] The categorisation further divides each of the four resources according to the end that they are applied to achieve into two broad sub-types: *detectors* to observe or obtain information about the world/society and *effectors* to produce specific kinds of behaviour. It is also useful to point out that government tools introduce different level of constraint into the social world: very roughly the constraint would rise from nodality to treasure to authority and finally organisation.
[45] Ibid: 7.
[46] Howlett, "Managing the 'Hollow State'": 414.
[47] Hood and Margetts, *The Tools of Government:* 20.

of my analysis which aims to describe and understand the use of tools associated with the Russian government developmental agenda.

Once tools are categorised, a further question about the rationale for their selection can also be raised. It is argued that the choice is influenced by two interlinked variables: state capacity to affect diverse actors and the complexity of the community of diverse actors involved in a given policy field, or a policy sub-system.[48] With regard to the choice of substantive tools, a softer approach relying on the use of treasure will be applied by the government in cases when the sub-system is complex and government capacity is high. Nodality and authority-based tools are preferred when social actors' composition is complex but state capacity is wanting. In the third scenario - low sub-system complexity vs. high state capacity - the state possessing a considerable capacity would have to step in through the use of direct organisation to substitute for the sub-system underdevelopment.[49] In case of procedural tools, their selection is also associated with the organisation of the policy sub-system, and the extent to which the government wishes to intervene in and manipulate this community of policy actors. Thus, it will move on from softer instruments of nodality and treasure (information provision, education, focus groups; and funding research respectively) to more vexing tools of authority (treaties and political agreements; or setting up advisory groups, for instance) and organisation (institutional reforms, judicial reviews, conferences organised by the government and interest group creation).

While this framework of substantive and procedural instrument choices might be criticised for being abstract and not engaging enough with the background of individual decisions related to the selection of specific instruments in concrete situations, nonetheless it is useful because it outlines how general patterns of instrumental choices can be determined and explained. We therefore can imagine a certain tool 'mix' applied by the government in specific circumstances and for particular tasks. We may look for such a mix in the Russian situation and examine how and why specific forms are used.

Tools of government in the Russian housing sphere: substantive and procedural types[50]

Development of the housing sphere has been a long-standing and key priority for the Russian authorities. The attention to this area is not surprising given that since the Soviet period the 'housing question' has represented one of the central points of public grievance. Post-Soviet

[48] Howlett, "Managing the 'Hollow State'".
[49] In the fourth case scenario the low state capacity would be facing an underdeveloped sub-system leaving the public to effectively provide for itself, as in the case of the provision of welfare in traditional societies.
[50] Some passages in this section were previously published in *Public Administration Issues* (Journal of the National Research University Higher School of Economics), no. 5 (2014): 96-111, http://vgmu.hse.ru/en/2014--5.html (accessed June 2017).

Russia had to deal with this shortage.[51] The objectives of housing development - in terms of new housing construction, greater affordability of home purchases, increasing scale of mortgage lending, housing renovation, and the development of housing rentals - have been stated in various policy documents. The government strategy in this area was outlined in one of Vladimir Putin's 'May' decrees signed in 2012.[52] The details of its broad initiatives were spelt out in the version of the government programme 'Provision of affordable and comfortable housing' from April 2014.[53]

Beyond policy statements, two state Funds[54] and the Agency for Home Mortgage Lending (AHML), in addition to the Ministry for Construction and Communal Services[55] (*Minstroy RF*) currently operated in the housing sphere in early 2015.[56] Beside these, Russian banks, such as *Bank Moskvy,* were involved in funding and coordinating local municipal infrastructural projects.[57] Further, state-controlled banks, *Sberbank*, *VTB* and *Gazprombank* have provided funding to the housing sphere via their extensive mortgage lending schemes. In addition, from the early 2010s certain "softer" measures, involving civil society groups and expert community can be noted. The launch of an annual international professional forum in urban development (Moscow Urban Forum), citizens' focus groups and on-line consultations related to housing and urban development organised over recent years serve as examples of this trend. Some numeric indicators of Russian housing performance are offered in Table 1.

Table 1: Russian housing and mortgage market development, 2005-2014 ABOUT HERE

Below I survey the use of government tools in the housing sphere moving from the substantive to the procedural type. I show that within the Russian development project tools tend to come in 'bundles', with organization and authority being the underlying tools used in combination with treasure and nodality. The second part of the section, following the hypothesis provided by the comparative literature, demonstrates that the overall instrument mix, as well as the bundles of tools within it, are determined by the complex milieu of political, social and economic actors

[51] Alexandra Burdyak, "Ipoteka v Rossii: Potrebnosti, Vozmozhnosti i Namereniya Naseleniya", *Finansy i Biznes,* no. 2 (2012): 76-92; Khmelnitskaya, *The Policy-making Process;* Jane Zavisca, *Housing the New Russia* (Ithaca & London: Cornell University Press, 2012).

[52] Prezident Rossii, "O merakh po obespecheniyu grazhdan Rossiyskoy Federatsii dostupnym i komfortnym zhil'em i povysheniyu kachestva zhilishchno-kommunal'nykh uslug", Ukaz N 600, 7 May 2012. *Rossiyskaya Gazeta*, 9 May 2012, http://www.rg.ru/2012/05/09/zhilje-dok.html (accessed 18 September 2012).

[53] Pravitel'stvo Rossii, "Gosudarstvennaya Programma". This programme adopted on 15 April 2014 is an updated version of the programme adopted in November 2012.

[54] The foundation for the development of residential construction (*Fond RZhS*) and the Foundation for the promotion of the reform of housing and utility services (*Fond HUS*) were formed in the 2007-2008 period.

[55] HUS stands for Housing and Utility services (*ZhKKh, zhilishchnoe i kommunal'noe khoziaystvo*).

[56] See the Ministry website with the links to the above state funds and the AHML at http://www.minstroyrf.ru/ (accessed March 2015).

[57] Uchastie banka Moskvy v infrastructurnom stroitel'stve, *Kommersant*, 11 November 2013, available at http://www.kommersant.ru/doc/2340804 (accessed June 2017).

involved in housing and whose relations are governed by the Russian political institutional structure.

Substantive tools

Policy instruments comprising the policy mix in the sphere of housing development have been put in place over years and some appeared as early as the mid-1990s. At the time, the government reformers' objectives were framed in terms of the 'market reform' of housing - as a part of the country's wider economic and welfare state liberalization - rather than in terms of 'development'. Nonetheless, one of the central developmental tools of contemporary Russian housing policy, with the primary functions of treasure and nodality combined with that of organisation, is represented by the Agency for the Home Mortgage Lending (AHML) formed in the mid-1990s.

The Agency, set up in 1996, copied an American analogous structure.[58] AHML (www.ahml.ru) acts as an industry regulator and provides state funding to augment financial resources directed towards mortgage lending by the banks (see Table 1).[59] AHML funded around seven percent of the market.[60] If during the 1990s and 2000s, the Agency worked to kick start the Russian mortgage market per se, over the recent decade its activities became more nuanced. It turned towards providing mortgages for socially vulnerable categories, development of municipal infrastructure, new housing construction and housing rentals.

Funding seven percent of the mortgage market the AHML does not stand alone among the government treasure-based tools. Russian state-owned banks, such as *Sberbank*, *Gazprombank* and *VTB*, represent the other channel through which the state extends housing credit to Russian families. State-controlled banks are the largest mortgage lenders in the country,[61] with a market share of 82 percent.[62] *Sberbank,* for instance, apart from providing commercial mortgages also provides, with support from the AHML, subsidised mortgages to several categories deemed as socially vulnerable. These include families with three and more children, young families, young

[58] Raymond Struyk R and Nadezhda Kosareva, "Natasha Mae: First Secondary Facility in the Former Soviet Bloc, *Housing Finance International* 13, no. 3 (1999): 29-36.
[59] Khmelnitskaya, "Russian housing finance policy".
[60] AIZhK, Informatzionno-statisticheskaya systema (2013), http://www.ahml.ru/ru/agency/analytics/statsis/, accessed 22 June 2013.
[61] Since summer 2014 several of Russia's largest state banks, which include *Sberbank* and *Gazprombank*, were placed under economic sanctions, nonetheless their participation in housing programmes has continued. See: Richard Connolly, "Western Economic Sanctions and Russia's Place in the Global Economy, in Agnieszka Pikulicka-Wilczewska and Richard Sakwa eds., *Ukraine and Russia: People, Politics, Propaganda and Perspectives* (Bristol: E-International Relations, 2015), http://www.e-ir.info/wp-content/uploads/2015/04/Ukraine-and-Russia-E-IR.pdf (accessed September 2015): 223-232, at 224.
[62] Alexander Semeniaka, *Rol' gosudarstvennykh institutov razvitiya v sozdanii novykh rynkov (na primere ipoteki)*, Paper presented at the conference "Ekspertnoe sodeystvie socialno-ekonomicheskomu razvitiyu gorodov", Moscow, 4 June 2015, http://www.urbaneconomics.ru/news/?mat_id=1815 (accessed 13 January 2016).

scientists, teachers, military personnel and mothers when they have second or further children – the latter support wonderfully named the 'maternity capital'.[63] In addition, *Bank Moskvy* a subsidiary of *VTB* has funded local infrastructure development projects. State-controlled banks are managed as commercial entities. Therefore, it would be incorrect to view them as a form of government 'organization'. Yet, their role as treasure-based instruments can hardly be overestimated. Moreover, the state has used its authority, to 'appoint' specific banks as vehicles for housing finance. I would argue that this arrangement involving state banks therefore represents an important 'bundle' of treasure and authority.

A greater level of government organisation marked the work of two state funds: the Fund for the Development of Housing Construction (*Fond RZhS*) and the Fund for the Reform of Housing and Utility Services (*Fond ZhKKh*). The two structures were originally set up in 2007-2008. The task of the first of the foundations, *Fond RZhS* (www.fondrgs.ru, assessed April 2015) lied in the integrated development of territories and their subsequent transfer for the purposes of housing construction. The foundation identified available land plots in often heavy-built up urban areas and having fast-tracked all the necessary administrative procedures handed them over to private construction companies using the auctioning mechanism. The emphasis was on the construction of 'affordable' or budget housing and low-rise construction projects. In 2014, the Fund according to its own reporting converted into housing construction 45 percent of all land plots that had been involved in housing development in the country during that year. Its activities span 76 of Russia's regions.[64] The organisational tool that this structure represented was aimed at reconciling the divergent interests of regional and local authorities and those of private property developers with the objectives defined by the Federal government, *Minstroy* and the AHML in the area that is deemed as important for the state.

The purpose of the second of the funds, the state corporation *Fond ZhKKh* (www.fondgkh.ru, accessed June 2017), was similar but related to the provision of organisational and financial resources combined for the renovation of dilapidated local housing and utilities infrastructure.

[63] The "maternity capital" initiative can be interpreted as an important part of the new family policy of the Russian state that is facilitated through housing policy as well as health policy. See: Kulmala et al., "Paradoxes of Agency": 535-536. Yet, maternity capital also represents an important element of housing policy as such. Its aim is to develop mortgage funding as a way for improving housing conditions of Russian families (see Zavisca, *Housing the New Russia*) and has to be considered as one among many initiatives serving the single purpose of transferring housing responsibilities from the state to individual households. See: Khmelnitskaya, *The Policy-Making Process*. Maternity capital initiative then represents a case of 'convergence' between two institutional arenas: housing and family policies in this case, discussed by Orren and Skowronek. See: Karen Orren and Stephen Skowronek, *The Search for American Political Development* (Cambridge: Cambridge University Press, 2004). It also can be interpreted as an attempt at 'policy integration', a process that aims to devise policies that avoid treating interrelated issues, such as birth rates and housing overcrowding, in isolation from one another. See: Jeremy Rayner and Michael Howlett, "Introduction: Understanding Integrated Policy Strategies and Their Evolution", *Policy and Society* 28, no. 2 (2009): 99-109.

[64] 2014 Annual report, *Popechitel'skiy sovet utverdil godovoy otchet fonda za 2014 god*, 22 April 2015, available at http://www.fondrgs.ru/press/news_detail.php?ID=38411 and 'RZhS Fund in Numbers', *Fond RZhS: Tsifry i Facti*, 27 April 2015, available at http://www.fondrgs.ru/files/docs/27.04.2015.pdf (both accessed April 2015).

During 2014 and early 2015 the Fund reported that around 200 thousand citizens were re-housed from sub-standard buildings as a result of its work.[65] As its sister structure, the Fund for housing renovations sought to bring together the interests of the regional and local authorities and private contractors of renovation works to ensure the realisation of policy goals set by the federal authorities. The approach that is close to that of ASI agency described in Freinkman and Yakovlev.[66]

Seen as temporary at the time of establishment, the activities of the Fund for housing renovations continued in 2015. Yet, the government turned to authority-based tools in regulating housing renovation in the long run with the law on 'Capital (major) housing repairs' passed in December 2012.[67] The law has obliged residents of private apartments in multi-family residential blocks to make monthly savings for the repairs of their apartment buildings. The law has specified the mechanisms for the administration of the accumulated savings – either by the organisations set up by the owners themselves or by the specially formed Regional Funds for Major Repairs run by the regional authorities.[68] However, given that just seven percent of apartment owners have followed the self-management option (ibid), the function of major housing repairs had effectively fallen under control of regional administrations and the Funds for Major Repairs run by them. Thus, this arrangement, involving the regional funds of major repairs, while not using state funding, nevertheless, has relied on state organisation.

Finally, in terms of nodality-, or information-based tools that are applied by government to change behaviour or deliver public goods, these can generally be divided into those aimed at the public at large and those related to the housing industry and expert community.

Already in the 1990s, the government aimed to use its information resources to increase public awareness of the process and the benefits of the housing reform.[69] The National Priority Project in Housing launched in 2006 while being a repackaged version of earlier reform initiatives[70] vigorously pronounced the government's intentions to increase housing affordability via the radical and far-reaching spread of mortgage borrowing. Currently, information about mortgage finance is widely available in mass media and in the persuasive way in which banks advertise

[65] For more figures on the Fund's operations see http://fondgkh.ru/rezultatyi-rabotyi/informatsiya-ob-odobrennyih-i-rassmatrivaemyih-zayavkah-na-poluchenie-finansovoy-podderzhki-za-schet-sredstv-fonda/ (accessed June 2017).
[66] Freinkman and Yakovlev, "Institutional Frameworks".
[67] Federal'niy Zakon N. 271-FZ ('Zakon o Kapremonte'), "O vnesenii izmeneniy v Zhilishchniy Kodeks Rossiyskoy Federatsii i otdel'nye zakonodatel'nye akty", 25 December 2012. *Sobranie Zakonodatel'stva Rossiyskoy Federatsii*, no. 53 (2012, Part 1): st. 7596.
[68] Nadezhda Zabelina, "Mnogie Rossiyane ignoriruiut sbory na kapital'niy remont", *Nezavisimaya Gazeta*, 09 November 2015, http://www.ng.ru/economics/2015-11-09/4_kapremont.html (accessed 11 December 2015).
[69] Institut Ekonomiki Goroda, "Konsteptsia Teleproekta 'Svoi Dom', Napravlennogo na Informatsionno-Propagandistskoe Obespechenie Reformy Zhilishchno-Kommunal'nogo Khoziaystva RF" (Moscow: IUE, 1997, IUE Archive).
[70] Khmelnitskaya, *The Policy-making Process*: 113 and 196.

their mortgage lending schemes. Such government initiatives as Maternity Capital in addition to its other functions in terms of demography and welfare, have also popularised the idea of mortgage borrowing as a way of improving housing conditions for families. There certainly has been an attitude change in this regard. A survey by the World Bank conducted in the early 2000s found that most of the respondents knew little about mortgage borrowing.[71] This situation has certainly changed over the years. By 2014 a quarter of all home purchases were made with the use of mortgage credit.[72]

In addition, the two state funds in housing provided an informational component as well. Their work, particularly in the area of housing repairs, was widely discussed by the state media[73] and often viewed in a positive light by the members of the public (Sorokina 2010). This contributed to a favourable assessment of the government's work[74] in what is perceived by the Russians as a troubling policy sphere. To illustrate the level of citizens' anxiety related to housing, we can refer to opinion poll data according to which increases of housing utility tariffs were among the top three most important issues that concerned the Russian public during 2012 and 2013. These were overtaken by geopolitical concerns in 2014 but gained salience again in 2015 as housing charges began to edge up.[75]

Finally, the reliance on information resources - for 'effecting' change and for 'detecting' change in society and gaining access to valuable information needed in the process of policy-making - is evident in several isolated cases concerning the organisation of direct consultations with the public on issues related to housing and urban development. Here initiatives of the government of Moscow can be noted. For instance, www.moscowidea.ru (accessed June 2017) conducted a survey of citizens' suggestions on the issues of the city's development (also see https://urban.hse.ru/news/community/ accessed June 2017). Another informative example concerns the discussion that unfolded around the competition for the best project for the development of the Moscow agglomeration during 2012-2013 (see for instance: http://irsup.hse.ru/news/60319015.html accessed June 2017). All of these, while involving non-governmental organisations, have been organised with the direct encouragement and participation of federal and regional state structures, housing ministry *Minstroy* and the Moscow city administration, as well as other development structures, for instance *Bank Moskvy*. The latter as noted has expertise on the issues of housing and urban development.

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[71] World Bank, *Developing Residential mortgage markets in the Russian Federation* (2003), http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/RUSSIANFEDERATIONEXTN/0,,contentMDK:20531571~pagePK:141137~piPK:141127~theSitePK:305600,00.html (accessed 21 September 2009): 5.

[72] AIZhK, *Strategia Razvitiya Gruppy Kompaniy AIZhK 2014-2018* (2014), http://www.ahml.ru/common/img/uploaded/files/agency/Strategii_razvitiya_GK_AIZHK_2014.pdf, (accessed April 2015): 8.

[73] See http://media.fondgkh.ru/, accessed June 2017.

[74] Opinion polls showed an improvement in public perception of the government's work in the 2008-10 period after the funds were established. See: http://www.levada.ru/en/ratings/ (accessed June 2017).

[75] Levada-Tsentr, *Obshchestvennoe Mnenie 2014* (Moskva: Levada Tsentr, 2015): 9.

Despite these isolated cases of state-society consultations, it can be said that the government appeared to be more effective in beaming information at the public using its nodality, rather than using its 'nodal detectors' for collecting information from this broad societal audience. And yet, Russian housing legislation includes institutional forms that can be used as tools of state-society dialogue and as a means of engaging local communities in matters of territorial development. Foremost among these structures are the associations of home owners, or HOAs.

The government reformers throughout the 1990s and 2000s have sought to develop this instrument as a way to organise home-owners' control over their multi-family blocks of flats. Yet, so far it has largely failed to become such due to the resistance from the local and regional authorities. By 2007 President Putin in his state of nation address lamented that only seven percent of the country's housing had formed into HOAs.[76] In the late 2000s the federal government sought to increase HOAs numbers by charging the very local administrations which oppose any kind of public control over them, to encourage the home-owners' self-organisation. In doing so, the government essentially hoped to rely on local and regional governments as its organisation tool. After this push, by 2014 around 20 percent of apartment blocks in the country had become organised in HOAs.[77] Many of them, however, operated poorly and were vulnerable to capture by the local maintenance companies. Problems with HOA organisation may relate to the low levels of trust and the underdevelopment of civil society in Russia[78] or to the lack of 'technical civic competence' as Borisova et al. show.[79] Yet, there were institutional barriers to the HOA organisation[80] and the interests of local authorities were key to maintaining those barriers. These actors were interested in controlling financial flows in this area 'which are continuous and very large'.[81] As a result, it was suggested that the Law on Major Repairs has disadvantaged HOAs.[82] As regional and local bureaucracies remained keen on managing monies collected for repairs themselves - in the form of Regional Funds for Housing Repairs mentioned earlier – they were likely to discriminate against self-managed buildings in scheduling renovation works, while deterring other apartment owners in other blocks of flats from organising. HOAs therefore represented those "would-be-tools" of state-social cooperation, or nodality, essential for development in the housing sphere, which remained unavailable to the federal government due to local administrative resistance.

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[76] Vladimir Putin, *Poslanie Prezidenta Federal'nomu Sobraniyu*, 26 April 2007, available at http://www.polit.ru./dossie/2007/04/26poslaniye.html (accessed 23 September 2009).
[77] Ekaterina Borisova, Leonid Polishchuk and Anatoly Peresetsky, "Collective Management of Residential Housing in Russia: the Importance of Being Social", *Journal of Comparative Economics* 42, no. 3 (2014): 609-629.
[78] Evans, "Protests and Civil Society in Russia".
[79] Borisova et al., "Collective Management".
[80] Rosa Vihavainen, *Homeowners' Associations in Russia after the 2005 Housing Reform* (Helsinki: Kikimora Publications, 2009).
[81] Shomina and Heywood, "Transformation in Russian Housing", 320.
[82] Elena Vladimirova, "Pochemu deputat Khovanskaya nazyvaet fond kapremonta piramidoy", *Stroitel'stvo.ru*, 27 May 2015, http://rcmm.ru/zhkh/22479-pochemu-deputat-hovanskaya-nazyvaet-fond-kapremonta-piramidoy.html (accessed 11 December 2015).

By contrast to the meagre results with public organisation, the government appeared more effective in establishing two-way communication with professional communities involved in the housing area. Among nodality-based instruments aimed at the professionals several annual events organised for entrepreneurs, experts, academics and investors can be noted. Examples include the Russian Investment and Construction Forum (www.ribf.ru accessed March 2015), the Forum for Housing and Utility Services 2015,[83] and the annual international Moscow Urban Forum (http://mosurbanforum.ru/ accessed June 2017), with an associated series of regional urban development conferences.[84] The latter, it may be said, was to a certain degree addressed towards the local public, as well as professionals. These were accompanied by broad information campaigns that comprised publication of specialist periodicals with ample on-line and traditional media coverage.

In terms of information tools, we can further mention government communications with several sectoral business associations in areas of housing construction and mortgage finance.[85] Some of these public organisations were formed in the early post-Soviet period, but stepped up their activities since the second half of the 2000s. Some of their leading figures - this particularly relates to the case of the construction industry groups - had successful careers during the Soviet period. Many others have built their careers over the post-Soviet period.

Procedural tools

With reference to the government's work with the professional associations, as well as the conferences and other public consultations organised by the authorities, we are moving from the nodality-based substantive tools towards what I defined earlier on as procedural tools. The latter instruments are used by the government to steer the policy process itself and structure relations among its diverse societal participants. Among the procedural tools examined below the use of authority and organisation is prominent and a bundle of tools involving forms of nodality and authority is identified.

The analysis of the work of professional associations in the housing and housing finance industry reveals their close cooperation with government departments as well with the country's representative institutions. Many members of their staff worked in leading posts within the state bureaucracy or acted in advisory positions or some had been elected members

[83] *V Kaliningrade nachal rabotu tretiy 'Forum ZhKKh 2015'*, 28 April 2015, http://www.minstroyrf.ru/press/forum-zhkkh-2015-nachal-rabotu-v-severo-zapadnom-federalnom-okruge/ (accessed April 2015).

[84] See: http://2016.mosurbanforum.ru/city/city_2015/ (accessed June 2017).

[85] Among these are the Association of the Construction Industry of Russia (*Assotsiatsia stroiteley Rossii*, www.a-s-r.ru), the Russian Union of the Construction Industry (*Rossiyskiy Soyuz Stroiteley,* RSS, www.omorrss.ru), and the National Union of the Construction Industry (*Natsional'noe Ob''edinenie Stroiteley*, *Nosstroy*, www.nostroy.ru), as well as those pertaining to the mortgage industry, such as the Association of Russian regional banks (*Assotsiatsia Regional'nykh Bankov Rossii*, www.asros.ru) and the Association of Russian Banks (*Assotsiatsia Rossiyskikh Bankov*, www.arb.ru).

of parliament. These connections are indicative of the informal inter-personal bonds that exist among these actors. However, the efforts towards the institutionalization of these interactions were evident. So, in formal terms, the mutual work took the form of expert groups, consultations and efforts to create institutions of 'self-governance' within the industry.

Self-governance was particularly important within the highly fragmented and localised construction industry. The national association *Nostroy* was the case in point. While this structure was originally set up in the early 1990s its activities were encouraged by the government in the second half of the 2000s at the time of the adoption of the legislation on self-regulated organisations (*SRO*) in 2007-2008, an exercise of government authority.[86] Subsequently, in 2010 a joint Memorandum of Cooperation was signed between the association and the sectoral ministry, *MinRegion*. Currently this umbrella association comprises 274 local associations which cover 130,000 large, small and medium construction enterprises (SMEs) (see statistics at the association's website). Only seven percent of these are large businesses, whereas the clear majority remaining are SMEs. Working through such corporatist arrangements the government sought to increase its outreach within the housing industry at the local and regional levels with an objective of promoting its procedural objectives such as managing within-the-industry conflicts and gaining access to industrial expertise, while also pursuing the substantive objectives of housing construction and standards monitoring. A television interview with a prominent expert on Russian housing policy provided an insight into how this cooperation might work in practice. She suggested that, even under tough economic conditions on which housing construction industry fall starting from 2015, construction firms would be strongly urged to fulfil any existing building projects and to avoid filing for bankruptcy. To avoid disappointing or even deceiving home-buyers then construction firms would be 'encouraged' to complete initiated projects even at a loss.[87]

With the help of the professional associations the government also sought to engage investors, experts and academics to promote industry-wide dialogue, exchange of ideas and investment. Examples of this trend were the high-profile forums set up in the early 2010s, as mentioned above. Among the consultative structures that were created by the Russian executive institutions were the President's Council for Housing Policy and Increasing Housing Affordability,[88] and the Working Group for the Development of HUS at the Russian government

[86] The case in point Federal Law N. 315-FZ adopted on 1 December 2007 '*O samoreguliruemykh organizatsiyakh',* available at http://www.nostroy.ru/legislature/normativno-pravovye_akty/ (accessed June 2017). Among its many subsequent amendments Federal Law N 148-FZ from 22 July 2008 established procedures for self-regulation in construction. See history of *Nostroy* at http://www.nostroy.ru/nostroy/ob_obedinenii/history/ (accessed June 2017).

[87] Telekanal ORT, *Prezident Fonda rasskazala v programme "Otrazhenie" telekanala "ORT" ob osnovnykh tendentsiyakh stroitel'noy otrasli v strane,* 18 September 2015, available at http://www.urbaneconomics.ru/publications/?mat_id=2758 and http://www.otr-online.ru/programmi/tamozhnya-daet-dobro-44391.html (accessed 11 December 2015).

[88] http://kremlin.ru/events/councils/by-council/38/18968 (accessed March 2015), later transformed into the Presidential Council for Strategic Planning and Priority Projects, http://kremlin.ru/events/councils/by-council/1029/52297 (accessed June 2017).

Expert Council.[89] Experts from the professional associations and think tanks participated in these and other consultative bodies and produced joint research. For instance, a research project conducted by a leading housing think tanks, the Institute for Urban Economics in cooperation with *Nosstroy* in 2011 examined the problem of administrative barriers in construction. Although the sources of funding were not mentioned, the objective of the study coincided with the president's aims to improve the investment climate and Russia's ratings in the World Bank's 'Doing Business' guide.[90]

In sum, regarding the use of substantive instruments, the Russian government has relied on combinations of softer tools of treasure and nodality each underpinned by the use of heavier organisational and authority-based instruments. In relation to procedural tools the government has relied on the use of all four types - nodality, authority, treasure and organisation - but particularly on more invasive types of authority and organisation in implementing its procedural tasks. The substantive and procedural tools associated with Russian housing development are summarised in Table 2.

Table 2: Procedural and Substantive tools in the Russian housing sphere ABOUT HERE

The choice of instruments explained

Why did the Russian government select this specific instrument mix including substantive and procedural elements? As proposed earlier the choice is influenced by two variables: state capacity to affect societal and bureaucratic actors and the complexity of the policy community concerned. Russian institutional setting involves such features as the weak civil society and authoritarian politics undermined by the weakness of formal institutional structures, particularly the limited responsiveness of the state administration at the regional and local levels to the federal command. The implications of these features for policy-making particularly come to light in relation to regional and local levels of policy implementation. The officials at these levels remained unaccountable to the public and were driven, as the issue of housing repairs demonstrated above, by rent-seeking motives. In this context, the use of tool 'bundles' by federal policy makers offered a working solution for the promotion of housing development. 'Smarter' design in this setting involved the creation of the complementary arrangements of policy tools that maximise supplementary effects of softer and heavier instruments, with organisational and authority-based tools allowing nodality and treasure to reach designated users bypassing regional administrations, while also providing channels for the latter to benefit.

[89] http://government.ru/department/270/about/ (accessed June 2017).
[90] Tatiana Polidi and Andrey Tumanov, "Stroitel'stvo: beg s prepiatstviyami", *Moskovskie Novosti* 2 April 2012: 6.

As far as policy-sector-specific structural factors were concerned Russian policy makers had to take into account the structures and relationships between economic and social actors associated with specific issue areas of this wide sector (i.e. construction, banking, maintenance), moreover multiplied by the country's federal structure. With the goals of promoting the economic development in the housing sphere policy-makers aimed to influence a vast and highly diverse terrain which potentially includes the entire Russian society - or at least those families who wish to improve their housing conditions - and a considerable number of private firms working in the sector. In this setting, which features high sub-system complexity, the predominant reliance on treasure- and authority-based substantive instruments usually applied in this context[91] seems logical. Yet, to have the capacity to deliver finance to the housing sphere the state had to underpin treasure tools by the use of direct organisation in the case of the AHML and by authority to 'appoint' a number of trusted banks which become the primary mortgage lenders. Thus, producing tool bundles of treasure and organisation and of treasure and authority respectively.

The need to use organisation in the form of the AHML was necessitated by conditions when the mortgage finance market had to be created from scratch during the post-Soviet era. This meant that the capacity of the state to implement this policy including knowledge, resources and motivation exceeded the capacity of the sub-system's members, i.e. private banks. In addition, the financial market in Russia comprised a far lesser number of participants - 956 banks - compared to a greater number of firms, over two hundred thousand, involved in construction and maintenance.[92] Thus, it was easier for the state to intervene and coordinate with its organisational resources the smaller number of actors in the case of the banking community in comparison to the construction industry.[93]

The federal *Fond ZhKKh* also represented the application of the bundle of treasure and organisation, as the delivery of finance to the nationwide community involved in housing renovation. Some of the toughest actors to steer towards this task included regional and local levels of state administration which otherwise did not share the government's policy aspirations. The introduction in 2012 of a new set of instruments for financing major repairs by the contributions of the homeowners meant to replace budget funding of these costly works with household payments. Yet, federal policy designers had to 'appease' regional bureaucratic interests by allowing them to remain in charge of managing collected contributions via regional Funds of Housing Renovation. Policy-makers, however, simultaneously introduced a 'doubling' instrument that allowed HOAs to manage their savings themselves. The fact that parallel

[91] Howlett, "Managing the 'Hollow State'".
[92] According to Rosstat 1094 credit institutions were registered in Russia in 2013, out of which 956 were active. See: Chislo i structura kreditnykh organizatsiy, *Rosstat*, Table 22.22, available at http://www.gks.ru/bgd/regl/b13_13/IssWWW.exe/Stg/d4/22-22.htm). Whereas a number of construction firms working in Russia in 2012 amounted to 205 075, which included 201 162 firms with a number of employees less than 100. See: Chislo deystvuyushchikh stroitel'nykh organizatsiy, *Rosstat*, Table 16.4, available at http://www.gks.ru/bgd/regl/b13_13/IssWWW.exe/Stg/d3/16-04.htm (both accessed June 2017).

arrangements are included – for policy implementation by corrupt officials and by for civil society organisations – suggests that policy designers hope that over time less transparent forms will be deserted while civic ones become more widespread. This would be an example of policy makers manipulating the mechanisms of temporal institutional transformation (this specific one would be a 'drift' mechanism)[94] to achieve their policy goals.

The limitations of the Russian federal government capacity to implement its policy of development are most vividly illustrated with the struggle to promote HOAs through the means of government authority tools. The target policy audience that policy makers aimed to influence in this context was incredibly broad. It includes all those Russians who reside in multi-family apartment blocks. Similar to providing housing finance to the public, in order to reach this nation-wide audience, the government sought to underpin its legislative capacity by a form of organisation. It attempted to use the local and regional governments as its organisational tools. Yet, it was precisely these actors - due to their personal enrichment imperatives and in the absence of democratic accountability to the electorate - who were uninterested in cooperating beyond rhetorical support. Thus, the proliferation of local housing self-organisation, a 'would-be' nodality tool of state policy in this sphere, remained shallow.

In contrast to the general public whom the government struggles to connect to, my survey of the procedural tools has demonstrated that heavier tools of authority and organisation are used more effectively in relation to the housing community. This indicates that the Russian government has actively set out to manage this professional sub-system as well as how much this task was eased by the presence of informal networks. By contrast, in absence of HOAs, which could be the basis for effective government-citizen dialogue, only lighter touch procedural instruments are applied to engage members of the public. Predominantly, the government's nodality is used to provide citizens with general information. As two housing scholars argue: 'In Russia, problems with democracy in general sustain a lack of housing democracy'.[95]

Conclusion

Unlike many studies of Russian 'institutions of development' that consider their effectiveness or rent-seeking behaviour associated with their use, this study adopted a different approach. It examined all tools applied in the housing sector, where the goal of development has been promoted by the Russian federal policy-makers. The analysis of the combinations of tools within the housing policy mix reveal complementary arrangements, what I defined 'bundles' of tools, as well as the use of doubling tools. This pattern, the paper argues, is determined by Russia's institutional characteristics – weak and unreliable formal institutions of state administration, at the local levels in particular – and structural factors related to the operation of specific policy areas. Such factors, however, do not reflect in policy automatically, but via the policy makers'

[94] Mahoney and Thelen, "A Theory of Gradual Institutional Change".
[95] Shomina and Heywood, "Transformation in Russian Housing": 319.

choices of policy instruments. These actors used combinations of policy instruments in order to increase state capacity to promote development and temporal processes of policy change. The example of the latter process was the adoption of parallel or doubling policy tools: (1) those relying on state administration and incidentally allowing channels for rent-seeking, and (2) those relying on active citizens' participation and control.

Finally, we can comment on the significance of the developmental mix of policy instruments adjusted to the Russian institutional environment in generating public support for the government. This support occurs in two ways. The first one relates to the capacity of the state to deliver policy outcomes valued by its citizens,[96] in this case the satisfaction of their housing needs. In addition to the performance-legitimising policy results, the procedural tools aimed at achieving 'embeddedness' of development – to refer to the poignant term coined by Peter Evans[97] – play a role in binding professional and expert communities to the process of policy implementation and to the state. This is different in relation to the wider public. Even though the public enjoy higher living standards, the 'embedded autonomy' is the least developed in relation to them. Some effort has been put into forming the linkages that would connect the public with the powers - as demonstrated by the example of the initiatives sponsored by the Moscow city administration. Such 'participatory' forms of governance have recently become increasingly popular with modern 'consultative' authoritarian regimes.[98] These forms, however, by and large failed to impress urban and educated Muscovites. Yet, associations of homeowners, basic structures of housing self-organisation with a potential for becoming nodal tools of government with respect to the public, are poorly realised. It is hardly surprising then that in Russia the issue area of housing and territorial development, more broadly, has produced possibly the greatest number of conflicts between citizens and local authorities over recent years. Some of these seemingly local disputes, such as *Rechnik* housing cooperative, the conflict over *Khimki* forest[99] and the on-going at the time of writing conflict surrounding housing renovation programme in Moscow,[100] have spilled over into issues of federal and even international significance. By contrast, conflicts within the construction industry are virtually unknown, because of it being more carefully managed and more actively engaged with over the recent period.

[96] Nikolai Petrov, Maria Lipman and Henry Hale, "Three Dilemmas of Hybrid Regime Governance: Russia from Putin to Putin", *Post-Soviet Affairs* 30, no. 1 (2014): 1-26.
[97] Peter Evans, *Embedded Autonomy: States and Industrial Transformation* (Princeton: Princeton University Press, 1995).
[98] For discussion, see: Rory Truex, "Consultative Authoritarianism and its Limits", *Comparative Political Studies* 50, no. 3 (2017): 329-361. Truex argues that it is less educated citizens with little experience of being involved in decision-making that tend to be impressed by the participatory mechanisms introduced by authoritarian states.
[99] Evans, "Protests and Civil Society in Russia".
[100] Max Seddon, "Moscow plan to raze Khrushchev-era flats sparks tenants' anger", *Financial Times*, 13 May 2017, https://www.ft.com/content/129525f0-3655-11e7-99bd-13beb0903fa3 (accessed May 2017).

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Table 1: Russian housing and mortgage market development, 2005-2014

Indicator/ Period	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Volume of Mortgage lending, RUB Million	-	263 561	556 399	655 808	152 500	376 331	716 944	1 031 992	1 353 926	1 764 126
Average floor space of new built housing per capita, Square meters per person	0,31	0,35	0,42	0,45	0,42	0,41	0,44	0,45	0,49	0,56
Aggregate floor space of new housing built, Thousand square meters	43 609	50 174	60 350	63 690	59 830	58 114	62 264	65 220	70 485	81 856
Mortgage debt to GDP, %	0,2	0,9	1,8	2,7	2,6	2,5	2,7	3,2	4,0	5,0
Average income per capita, RUB	7 826	9 817	12 427	14 934	17 008	18 717	20 713	22 719	25 957	27 749

Sources of data: AHML, Rosstat and Bank of Russia

TABLE 2: Procedural and substantive tools in the Russian housing sphere

Nodality	Treasure	Authority	Organisation
Substantive tools			
For the **Public**: Info on - mortgages -state programmes *TSZhs*, - shallow proliferation	AHML (T+O) *Fond RZhS* (T+O) *Fond ZhKKh* (T+O) State Banks (T+A) for - mortgages -infrastructural projects	Housing code Other housing and housing industry-related legislation State banks (T+A)	AHML (T+O) *Fond RZhS* (T+O) *Fond ZhKKh* (T+O) Regional Funds for major repairs
Procedural tools			
For **Industry** and **experts**: Communication/policy involvement: - business associations (N+A) - expert groups For the **Public** (rare): - Focus groups - Online initiatives	Funding research	Setting up/encouraging business associations (N+A) Agreements on cooperation between executive departments and business associations Advisory groups attached to different executive departments	Ministerial reforms Forums and conferences: - Urban forum - Construction forum - HUS Forum

(T+O) - Treasure and Organisation bundle

(T+A) - Treasure and Authority bundle

(N+A) - Nodality and Authority bundle